Saskatchewan
Finance

Annual Report 2003

Extended Health Care Plan For Certain Other Retired Employees

TABLE OF CONTENTS

Letters of Transmittal 2
Introduction 4
Advisory Committee Members 4
Participating Employers 4
Administration 4
Funding 4
Benefits 4
Management's Report 5
Financial Statements
- Auditor's Report 8
- Statement of Financial Position 9
- Statement of Operations and Net Assets 10
- Statement of Cash Flows 11
- Notes to the Financial Statements 12

Saskatchewan
Finance

Her Honour, The Honourable Dr. Lynda M. Haverstock
Lieutenant Governor of the Province of Saskatchewan
Government House
4607 Dewdney Avenue
Regina, Saskatchewan
S4P 3V7

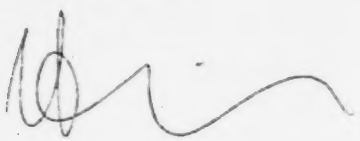
Dear Madam:

Letter of Transmittal

I have the honour to transmit herewith the second Annual Report of the Extended Health Care Plan For Certain Other Retired Employees for the year ending December 31, 2003.

I have the honour to be, Madam,

Your obedient servant,



Harry Van Mulligen
Minister of Finance

Saskatchewan
Public Employees
Benefits Agency

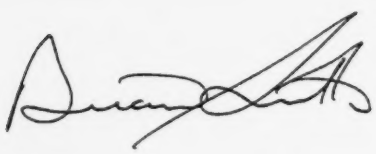
The Honourable Harry Van Mulligen
Minister of Finance
Regina, Saskatchewan

Sir:

Letter of Transmittal

On behalf of the Public Employees Benefits Agency, I have the honour to transmit herewith the second Annual Report of the Extended Health Care Plan For Certain Other Retired Employees for the year ending December 31, 2003.

Respectfully submitted,



Brian Smith
Executive Director

Extended Health Care Plan for Certain Other Retired Employees

Introduction

The Extended Health Care Plan For Certain Other Retired Employees was established on January 15, 2002.

The Fund is used to account for the transactions of the Extended Health Care Plan For Certain Other Retired Employees which provides health care benefits to certain out-of-scope retired employees.

As at December 31, 2003, participation in the Plan has been approved by the Lieutenant Governor in Council for out-of-scope retired employees of the Government of Saskatchewan as defined under *The Public Service Act.*

Advisory Committee Members

Brian Smith
Saskatchewan Finance (PEBA)

Don Gray
Public Service Commission

Kevin Wilson
Saskatchewan Health

Wayne Sakires
Public Service Commission

Wayne Sakires' membership expired September 9, 2003. His position on the Committee was filled in January 2004 by Will Loewen, Public Service Commission.

Participating Employers

The following employers participate in the Extended Health Care Plan for Certain Other Retired Employees:

Board of Arbitration under *The Surface Rights Acquisition and Compensation Act* (The)
Chief Electoral Officer (Office of the)
Children's Advocate (Office of the)
Farm Land Security Board
Horned Cattle Fund
Information and Privacy Commissioner (Office of the)
Milk Control Board
Ombudsman (Office of the)
The Government of Saskatchewan with respect to members of the Public Service of Saskatchewan as defined under *The Public Service Act, 1998*
Saskatchewan Archives Board
Saskatchewan Municipal Board

Administration

The Public Employees Benefits Agency has established a fund pursuant to *The Financial Administration Act, 1993* for the purpose of providing benefits under the Plan. An Advisory Committee is responsible for the management and investment of the Fund. The Advisory Committee consists of 4 representatives as nominated by the Saskatchewan Public Service Commission and appointed by Minister's Order.

The Plan pays a premium subsidy to Group Medical Services who provide insured extended health coverage to eligible retirees. The Plan's risk is limited to the payment of the monthly premium subsidy as follows:

Single	$4.00	per month
Couple	$6.00	per month
Family	$10.00	per month

Funding

For the period January 1, 2002 to December 31, 2002, the General Revenue Fund (GRF), on behalf of the Plan, paid premium subsidies to Group Medical Services. The amount paid from the General Revenue Fund was recorded as due to GRF and was repayable with interest when funding for the Plan became available effective July 1, 2003.

Benefits

A retiree is eligible for benefits immediately following retirement. Claims are paid on behalf of all family members and covers certain health and vision care benefits.

MANAGEMENT'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

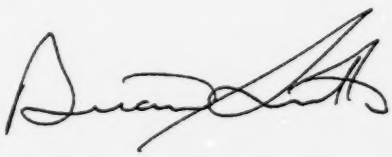
As members of management of the Extended Health Care Plan For Certain Other Retired Employees, we are responsible for the preparation and presentation of the following financial statements in accordance with Canadian generally accepted accounting principles applied on a basis consistent with that of the preceding year.

The significant accounting policies adopted in the preparation of the financial statements are fully and fairly disclosed in the financial statements.

We believe the Extended Health Care Plan For Certain Other Retired Employees has a system of internal control adequate to provide reasonable assurance that the accounts are faithfully and properly kept to permit the preparation of accurate financial statements in accordance with Canadian generally accepted accounting principles.

A Board of Trustees, as nominated by the Public Service Commission and appointed by Minister's Order, has been established and is responsible for reviewing the ongoing operations of the Plan.

We enclose the financial statements of the Extended Health Care Plan For Certain Other Retired Employees for the year ended December 31, 2003 and the Provincial Auditor's report on these financial statements.



Brian Smith
Executive Director
Public Employees Benefits Agency

Perry Bahr
Director, Benefit Programs
Public Employees Benefits Agency

Kathy Morgan
Director, Financial Services
Public Employees Benefits Agency

Regina, Saskatchewan
February 11, 2004

EXTENDED HEALTH CARE PLAN FOR CERTAIN OTHER RETIRED EMPLOYEES

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2003

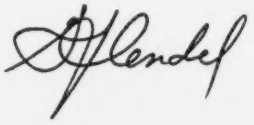
AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Extended Health Care Plan for Certain Other Retired Employees as at December 31, 2003 and the statements of operations and net assets, and cash flows for the year then ended. The Plan's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Plan as at December 31, 2003 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Regina, Saskatchewan
February 11, 2004

Fred Wendel, CMA, CA
Provincial Auditor

EXTENDED HEALTH CARE PLAN FOR CERTAIN OTHER RETIRED EMPLOYEES
STATEMENT OF FINANCIAL POSITION

STATEMENT 1

AS AT DECEMBER 31

	2003	2002
ASSETS		
Due from General Revenue Fund (Note 3)	$111,999	$ -
Employer contributions receivable	23,935	-
Total assets	$135,934	$ -
LIABILITIES		
Due to General Revenue Fund	$ -	$ 1,356
Accounts payable (Note 5)	727	-
Total liabilities	$ 727	$ 1,356
NET ASSETS (DEFICIT) (Statement 2)	$135,207	$(1,356)

(See accompanying notes to the financial statements)

EXTENDED HEALTH CARE PLAN FOR CERTAIN OTHER RETIRED EMPLOYEES
STATEMENT OF OPERATIONS AND NET ASSETS

STATEMENT 2

FOR THE YEAR ENDED DECEMBER 31

	2003		2002
	Budget (Note 6)	Actual	Actual
REVENUES			
Employer contributions	$139,600	$141,712	$ -
Interest	2,600	610	-
	142,200	142,322	-
EXPENSES			
Insurance premium subsidy	2,640	3,368	1,356
Administration (Note 5)	2,000	2,346	-
Interest	10	45	-
	4,650	5,759	1,356
Surplus (deficit) for the year	137,550	136,563	(1,356)
NET (DEFICIT), BEGINNING OF YEAR	(1,356)	(1,356)	-
NET ASSETS (DEFICIT), END OF YEAR – to Statement 1	$136,194	$135,207	$(1,356)

(See accompanying notes to the financial statements)

EXTENDED HEALTH CARE PLAN FOR CERTAIN OTHER RETIRED EMPLOYEES
STATEMENT OF CASH FLOWS

STATEMENT 3

FOR THE YEAR ENDED DECEMBER 31

	2003	2002
Cash flows from operating activities:		
Employer contributions received	$117,777	$ -
Interest received	565	-
Insurance premium subsidies paid	(3,368)	-
Administration expenses paid	(1,619)	-
Total	113,355	-
Cash flows from financing activities:		
Loan from General Revenue Fund	2,734	1,356
Repayment of loan to General Revenue Fund	(2,734)	-
Total	-	1,356
Net increase (decrease) in cash position	113,355	(1,356)
DUE TO GENERAL REVENUE FUND, BEGINNING OF YEAR	(1,356)	-
DUE FROM (TO) GENERAL REVENUE FUND, END OF YEAR	$111,999	$(1,356)

(See accompanying notes to the financial statements)

EXTENDED HEALTH CARE PLAN FOR CERTAIN OTHER RETIRED EMPLOYEES
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2003

1. Description of the Plan

The Extended Health Care Plan for Certain Other Retired Employees (Plan) was established on January 15, 2002 pursuant to subsection 64(2) of *The Financial Administration Act, 1993*. The Plan provides extended health care benefits to eligible out-of-scope retired employees of the Government of Saskatchewan.

The Government through the Minister of Finance entered into an agreement with Group Medical Services (GMS) to provide eligible retirees with extended health coverage for 2 years. The agreement with GMS expired on December 31, 2003. The Government has negotiated a new agreement with GMS. The retiree is responsible to pay GMS the premium set out in the agreement less a premium subsidy which is paid by the Plan. The Plan's risk is limited to the payment of a monthly premium subsidy to GMS for eligible retirees. The monthly premium subsidy is equal to $4.00 for a single policy, $6.00 for a couple policy and $10.00 for a family policy.

The Plan is funded by employers, whose participation in the Plan has been approved by the Lieutenant Governor in Council. Funding for the Plan commenced July 1, 2003. The Minister of Finance approved a contribution rate of 0.25% of the regular pay of current out-of-scope employees.

2. Significant Accounting Policies

These financial statements are prepared in accordance with Canadian generally accepted accounting principles.

3. Due from General Revenue Fund

The Plan's bank account is included in the Consolidated Offset Bank Concentration (COBC) arrangement for the Government of Saskatchewan. The Plan's earned interest is calculated and paid by the General Revenue Fund on a quarterly basis into the Plan's bank account using the Government's thirty day borrowing rate, and the Plan's average daily bank account balance. The Government's average thirty day borrowing rate in 2003 was 2.87%.

4. Financial Instruments

The Plan's financial instruments include due from General Revenue Fund, employer contributions receivable, and accounts payable. Due to the immediate or short-term nature, the fair value of these instruments approximates carrying value.

5. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, departments, agencies, boards and commissions related to the Plan by virtue of common control or significant influence by the Government of Saskatchewan (collectively referred to as "related parties"). Related party transactions with the Plan are in the normal course of operations and are recorded at the agreed upon exchange amounts charged by these organizations.

All employer contributions and employer contributions receivable are from related parties.

The Plan is managed by the Public Employees Benefits Agency (PEBA). In 2003, PEBA charged the Plan $2,330 (2002 – nil) for administration. Included in accounts payable is $727 (2002 – nil) due to PEBA.

The General Revenue Fund advanced the Plan $2,734 to pay premium subsidies for the period from January 1, 2002 to June 30, 2003 for those out-of-scope retirees who joined the Plan. During the year, the Plan repaid this amount plus interest of $45 to the General Revenue Fund.

Other transactions with related parties and amounts due to/from them are described separately in the financial statements and notes thereto.

6. Budget

The Public Employees Benefits Agency approves the budget.